

## CAPPED BILL SYSTEMS, METHODS AND PRODUCTS

### DESCRIPTION OF THE BACKGROUND

[0001] Currently, only large consumers are able to get the benefits of traditional financial risk management tools for managing their costs for variable volumes and prices of products and services because of the labor-intensive analysis of risk performed on a manual basis, because of regulations restricting the offering of some financial risk management instruments to only large and sophisticated investors and because the size and cost of available financial instruments may not be appropriate for individual consumer risk management.

[0002] Further, it has not been cost effective to perform the analyses necessary to control volume and price risks for retail consumers such as individual residential or small- to medium-sized commercial customers. The high cost of individual analyses is driven by the need to manually process dependent and independent variable data, individually deal with data deficiencies and to make manual adjustments for incomplete or inaccurate information.

[0003] Current methods and products exist to provide consumers that seek to limit consumer risk in purchasing variable payment products. Examples include capped adjustable rate mortgages, fixed payment plans, flat payment plans, the No Surprise™ bill offered by Reliant Energy/Minnegasco, the WeatherProof® Bill program offered by several licensees of the energy risk management method described in U.S. patent application Ser. No. 08/833,892.

### SUMMARY OF THE INVENTION

[0004] The present invention is directed to, in one embodiment, a method of providing one of a good or a service to at least one entity at one of a payment, rate, or price that is capped at a pre-determined amount. The method includes producing an offer for the entity, wherein the offer represents at least one of a capped maximum payment, a capped maximum rate, a capped maximum usage, a capped maximum consumption, or a capped maximum price amount. The method also includes providing the good or service to the entity at one of a payment, rate, or price that may fluctuate, wherein the payment, rate, or price cannot exceed the capped maximum payment, capped maximum rate, capped maximum usage, capped maximum consumption or capped maximum price amount.

[0005] The present invention is also directed to, in another embodiment, a capped bill calculation system. The system includes a data input module in communication with a data storage medium for receiving data from at least one entity. The system also includes a capped bill offer generation module for generating an offer, wherein the offer offers one of a good or a service at a price that may fluctuate, and wherein an actual price of the good or service cannot exceed the maximum amount.

### BRIEF DESCRIPTION OF THE DRAWING

[0006] For the present invention to be clearly understood and readily practiced, the present invention will be described in conjunction with the following figures, wherein:

[0007] FIG. 1 is a diagram illustrating a flow through a capped bill calculation system according to one embodiment of the present invention;

[0008] FIG. 2 is a diagram of a capped bill calculation system according to one embodiment of the present invention;

[0009] FIG. 3 is a flow diagram illustrating a method of producing a fixed unit energy price for use in calculating a capped energy bill according to one embodiment of the present invention; and

[0010] FIGS. 4 and 5 are examples of cash flows between consumers and risk management instruments according to one embodiment of the present invention.

### DETAILED DESCRIPTION OF THE INVENTION

[0011] It is to be understood that the figures and descriptions of the present invention have been simplified to illustrate elements that are relevant for a clear understanding of the present invention, while eliminating, for purposes of clarity, other elements. For example, specific operating system details and modules and specific database management details and modules are not shown. Those of ordinary skill in the art will recognize that other elements may be desirable to produce an operational system incorporating the present invention. However, because such elements are well known in the art, and because they do not facilitate a better understanding of the present invention, a discussion of such elements is not provided herein.

[0012] The present invention is directed generally to systems and methods in which goods or services are delivered and the customer or consumer (or other entities) is invoiced for a payment or series of payments that are capped. "Capped" is defined herein as meaning a quoted maximum amount or amounts that the customer will pay for their requirements for a product or service for the given period or periods of time. Several examples of such products or services include, but are not limited to, energy bills, communications services, food supply, network services, calculational services, storage space, transportation, fuel, auto leasing, maintenance, or mortgages. Energy and mortgage examples are used herein for the sake of illustration purposes only and not to limit the scope of the invention.

[0013] In one embodiment of the present invention, if the combined effect of drivers of the consumer cost, such as prices and volumes of, for example, energy delivery or interest rates would have resulted in lower bills than the capped amount or amounts less risk management costs, the entity, such as a customer, receives all or a portion of the difference as, for example, a refund or credit. Also, in one embodiment, a system for calculating a capped or maximum annual bill for any consumers of a product or service, for managing the risks associated with the capped annual bill, and for reporting the accounting aspects of the transactions to those consumers and to other interested parties such as utilities, energy suppliers, regulators and other governmental agencies is disclosed. Also, in another embodiment, a specific method of producing capped bills, and using physical and/or financial instruments to hedge the volumes and prices of the product or service to be used is disclosed.

[0014] The present invention is directed, in one embodiment, to a method of receiving, processing and reporting data regarding retail consumers' usage of a product or service and historic non-customer specific independent vari-